

United States
Department
of Labor

**ANNUAL
REPORT**

FISCAL YEAR 1999

*Report on Performance
and Accountability*



A Report of the United States Department of Labor
Alexis M. Herman, Secretary



MISSION/VISION

United States Department of Labor

MISSION

The Department of Labor fosters and promotes the welfare of the job seekers, wage earners, and retirees of the United States by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening free collective bargaining, and tracking changes in employment, prices, and other national economic measurements. In carrying out this mission, the Department administers a variety of Federal labor laws including those that guarantee workers' rights to safe and healthful working conditions, a minimum hourly wage and overtime pay, freedom from employment discrimination, unemployment insurance, and other income support.

VISION

We will promote the economic well-being of workers and their families, help them share in the American dream through rising wages, pensions, health benefits and expanded economic opportunities, and foster safe and healthful workplaces that are free from discrimination.



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FROM THE SECRETARY OF LABOR

Alexis M. Herman



We want to be faithful to the legacy of those before us who have been pursuing the Department's mission since 1913 and we want to lay a strong foundation for those who will be entrusted with this mission into the 21st Century.

This first combined Annual Performance and Accountability Report for the U.S. Department of Labor documents the efforts and achievements of the Department's employees in Fiscal Year 1999, working with our committed partners in state and local governments, our dedicated friends in the business and labor communities, and our concerned customers, and other stakeholders. Coming at the start of the third millennium, this report is a unique look at how well we are carrying out our mission of protecting and promoting the welfare of working men and women in this country.

When President Clinton selected me to be his Secretary of Labor, I felt privileged to have the opportunity to rejoin this vital organization. In the 1970s, I had the honor of serving as the Director of the Department's Women's Bureau. That experience afforded me an excellent background in departmental operations and management and deepened my admiration for the dedication of the Department's staff. During my tenure as Secretary, my executive staff and I have worked to mold the Department into a unified and coordinated team focused on improving the lives of working families.

Consistent with the President's goals, I have established three strategic goals for the Department: A Prepared Workforce, A Secure Workforce, and Quality Workplaces. Through joint efforts and collaborative initiatives to promote these three strategic goals, the Department of Labor has accomplished far more than the sum of its individual agency efforts.

The goal of a Prepared Workforce is to enhance employment opportunities for America's workforce. For example, the bipartisan Workforce Investment Act, anchored by One-Stop career centers and America's Jobs Network, is providing workers with the resources they need to prepare for good jobs and will help employers find the skilled workers they need to compete in the global economy. Programs such as Rapid Response and America's Job Bank have given workers access to lifelong learning opportunities and helped them to become career self-managers. Ten States are already partnering with us in a toll-free telephone help line for dislocated workers. The number of jobs listed in America's Job Bank now exceeds 1.4 million.

We are also seeing real progress in the Welfare-to-Work program. The number of people receiving welfare payments has fallen by more than half since January 1993, from 14.1 million to 6.9 million - the lowest level since 1969. Finally, across the country, DOL provided comprehensive services to more than one million youth, an important investment in workers for the 21st century. I am especially pleased that President Clinton helped launch the Youth Opportunity (YO!) Movement last July as part of the Administration's New Markets Tour. We successfully strengthened America's commitment to bringing the approximately 11 million out-of-school youth into the workforce.

The goal of a Secure Workforce is to promote the economic security of workers and families. The Department is meeting this challenge by promoting expanded pension coverage through legislative changes, by educating workers and employers about the need for retirement savings, and by improving pension security through tough enforcement. For example, through our pension education campaign, we increased the number of workers covered by an employer-sponsored pension plan by roughly five percent, particularly in target subgroups such as women, minorities, and workers in small businesses. The Department is also engaged in discussions with states, employers, and worker advocates about proposals to strengthen the employment security system and to reform the unemployment insurance program. Finally, we have proposed regulations permitting States to use their unemployment compensation programs to provide new parents partial wage replacement following birth or adoption of a child.

The goal of Quality Workplaces is to foster safe, healthful, and fair working environments. The major efforts of the enforcement agencies that oversee these objectives paid off in 1999. Injuries and illnesses again declined in the Nation's most hazardous industries, such as mining, logging, shipyards, and construction, which receive special attention from our safety and health inspectors. The Department has published a proposed ergonomics standard in its campaign to prevent an average of 300,000 work-related muscular-skeletal disorders each year. We have also published regulations to protect miners from hearing loss and to provide safety training for workers at sand, gravel, and stone mining operations. Our Safe Work/Safe Kids initiative is a major step towards reducing the number of youth injured at work. On the international front, I am pleased and gratified that President Clinton signed the International Labor Organization's new Convention on the Worst Forms of Child Labor.



Although I am proud of our achievements, much remains to be done. We want to be faithful to the legacy of those before us who have been pursuing the Department's mission since 1913, and we want to lay a strong foundation for those who will be entrusted with this mission into the 21st century. As the nation's model employer, the Department is committed to fulfilling its mission through the strategic goals of a prepared workforce, a secure workforce, and quality workplaces, so that all American workers and their families may share in the American dream.

Handwritten signature of Alexis M. Herman in blue ink.

Alexis M. Herman
Secretary of Labor

FROM THE CHIEF FINANCIAL OFFICER

Kenneth Bresnahan



The Department's Inspector General issued an unqualified, or "clean," opinion on our Fiscal Year 1999 consolidated financial statements, the third consecutive year that DOL has attained this high level of financial performance.

I am pleased to join with Secretary Herman in presenting the Department of Labor's Annual Performance and Accountability Report for FY 1999.

The Department continues to establish an outstanding record in financial management. Under the Government Management Reform Act of 1994 (GMRA), and the Chief Financial Officers Act of 1990 (CFOA), all Federal agencies are required to produce annual financial statements, and to have the statements audited. The Department's Inspector General issued an unqualified, or "clean," opinion on our FY 1999 consolidated financial statements, the third consecutive year that DOL has attained this high level of financial performance.

The audit report states that, once again, no material weaknesses were found in the Department's system of internal controls that would affect the accuracy of financial statements. This conclusion is remarkable, considering the efforts that were needed throughout the Department to meet new accounting standards that went into effect in FY 1998. Most notably, our compliance with the new managerial cost accounting standard established an important foundation for relating financial and program information under the Government Performance and Results Act (GPRA) in our employment and training grant programs—one of our largest and most important lines of business.

We continue to work to ensure that all financial systems comply with the requirements of the Federal Financial Management Improvement Act (FFMIA), and to resolve and close remaining reportable conditions raised in the 1998 financial statements audit. In this past fiscal year, we brought another subsidiary system requiring modifications into compliance with FFMIA's standards. We expect to make substantial progress in bringing the remaining systems into compliance in FY 2000. I am pleased to report that the Department's core accounting and payroll systems meet the new standards, and successfully cleared the Y2K hurdle.

This report expands upon last year's presentation under the Department's strategic plan to include discussions of the programs furthering each of our eleven outcome goals. These outcome goals are reported within Secretary Herman's three broad strategic goals. Baseline information on our goals is provided for the first time under GPRA. Our challenge will be to provide our stakeholders useful, relevant financial information on our results as measured against these baselines in each major program. We look forward to meeting this challenge.

A handwritten signature in blue ink that reads "Kenneth Bresnahan". The signature is fluid and cursive, with a large, sweeping initial 'K'.

Kenneth Bresnahan
Chief Financial Officer



PREFACE

United States Department of Labor Annual Report

This report follows one primary theme - A Century of Progress and A Year of Accomplishments. The theme highlights - in both words and pictures - some of the key events that have shaped the Department of Labor since 1900, and some of the Department's significant achievements over the past year. A summary of the current status of the nation's workforce reflects the cumulative impact of the Department's efforts over the past century and describes our challenges for the future. This report presents, for the first time, results on program performance together with results from financial operations for Fiscal Year 1999, providing a comprehensive view of the Department's accomplishments and stewardship over our resources.

The State of the American Worker chapter presents some of the current and anticipated trends of our workforce. The age, ethnicity, and levels of education of our workforce are changing, as are the kinds of jobs and levels of technology that are now in demand. The charts and data form the context within which our diverse programs operate.

The FY 1999 Annual Performance Report chapter is required under the Government Performance and Results Act (GPRA). Our 48 performance goals outline efforts to address workforce issues in the 21st century. Our successes, our shortcomings, and our plans for improvement are presented with results from independent evaluations of our programs.

The Financial Performance Report chapter provides key financial indicators, and the specific accountability reporting required by the Federal Financial Management Improvement Act (FFMIA), the Federal Managers' Financial Integrity Act (FMFIA), and the Inspector General Act. The section concludes with the Report from the Inspector General and the Department's Consolidated Financial Statements and related Notes.

The Department welcomes all comments and suggestions on both the content and presentation of this report. Please forward them to:

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